ABSTRACT

A risk management system and method provides for the establishment of dynamic portfolios, whose evolution over time is defined by one or more rules. Each dynamic portfolio can have instruments added and removed over time in accordance with Trade Managers as a result of evaluation of the user-defined rules which can be dependent upon various attributes, including time, portfolio contents, risk factor values, risk values and other information. Such dynamic portfolios can be used to analyze risk associated with settlement, liquidity and/or collateral management issues, to name a few. Also, a user can define multiple candidate trading strategies, each implemented in one or more Trade Managers, and the user can then analyze the effectiveness of the candidate strategies, before adopting one.